

## **Middle Class Economics: Supporting Servicemembers, Veterans, and Military Families**

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

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Our Nation has a solemn obligation to take care of our servicemembers, veterans and their families. To deliver on this commitment, the Budget provides significant resources to support veterans' medical care, help military families, assist servicemembers transitioning to civilian life, eliminate veterans' homelessness, and improve the disability claims processing system and eliminate the backlog.

**Caring for Wounded, Ill, and Injured Servicemembers.** To continue providing quality health care for the Nation's 9.2 million eligible military beneficiaries, the Budget provides \$47.9 billion for the Department of Defense (DOD) Unified Medical Budget to support the DOD Military Health System. The Budget responsibly supports wounded, ill, and injured servicemembers and their families and helps servicemembers transition into civilian life and the workforce. In particular, DOD is improving its support for servicemember mental and emotional health by expanding its network of treatment centers, increasing collaboration among its suicide prevention programs, and working to eliminate the stigma associated with accessing mental health services. Three new National Intrepid Centers of Excellence satellite facilities dedicated to advancing traumatic brain injury and psychological health treatment, research, and education are now complete, with two more currently under construction and four additional locations planned. In addition, the Budget provides targeted resources for Military Departments to reduce the time required to process wounded, ill, and injured servicemembers through the Disability Evaluation System.

**Addressing Sexual Assault in the Military.** The Department of Defense (DOD) undertook a comprehensive year-long review of its progress in preventing and responding to sexual assault in the military and delivered a report of its findings and recommendations to the President in December 2014. The report identified progress made in sexual assault prevention and response, developed metrics and indicators to assist in tracking progress, and highlighted where additional attention will be necessary to address identified areas for improvement. For example, DOD has undertaken over 40 Secretary of Defense-directed initiatives, including enhancing training of key personnel, revising policies regarding

victim rights and care, and improving the military justice process. These initiatives have contributed to an over 50-percent increase in reporting by victims since 2012, while survey data indicate that prevalence of sexual assaults in the military for both men and women is in decline; however, even one sexual assault in the Armed Forces is one too many. The Budget provides the funds needed to implement, sustain, and improve the Department's initiatives, including the groundbreaking Special Victims' Counsel Program, which provides victims of sexual assault with independent, personalized legal advice and representation, protecting their rights and empowering them to successfully navigate the military justice system. In addition, the Budget funds the Coast Guard Sexual Assault Prevention Council's efforts to influence service-wide organizational and cultural change as it oversees uninterrupted implementation of the Sexual Assault Prevention and Response Strategic Plan through FY 2016.

**Modernizing DOD's Compensation and Benefits System.** The Budget continues to provide a robust compensation and benefits system that honors the service of our men and women in uniform and their families. For 2016, the Budget provides a 1.3 percent increase to basic pay, a 1.5 percent increase in the Basic Allowance for Housing, and a 3.4 percent increase in the Basic Allowance for Subsistence. In addition, the Budget proposes to modernize the TRICARE Program and continues to seek commissary operational efficiencies and revenue generating enhancements. These proposals will ensure that DOD continues to recruit and retain a high quality All-Volunteer Force, while addressing costs in a responsible and balanced manner. In addition to these proposals, the Administration looks forward to reviewing the report from the Military Compensation and Retirement Modernization Commission, and working with the Congress to ensure a strong and sustainable military compensation and retirement system.

**Helping Servicemembers Transition to Civilian Life and Find Employment.** The Administration continues to leverage the collective resources and expertise of multiple Federal Agencies across the government to support service men and women as they transition from military to civilian life. The Budget supports a number of career transition initiatives, such as the Transition GPS (Goals, Plans, Success) and Career Readiness Standards, to ensure separating servicemembers have the skills they need to pursue employment after military service, including pre-separation counseling and employment workshops. The Budget also supports the Small Business Administration's Boots to Business initiative, which provides veterans transitioning to civilian life with the training and skills they need to start their own businesses, and the Department of Labor's Gold Card Initiative, which provides unemployed post-9/11 veterans with the intensive career and supportive services they need to succeed in today's job market.

To help our newest veterans transition to civilian life and find good jobs, the Budget continues to invest in the Integrated Disability Evaluation System (IDES) and VetSuccess on-campus initiatives. IDES and VetSuccess counselors ensure that veterans, especially wounded warriors and students, receive timely information about education opportunities, job counseling, and placement. Through the Department of Labor, the Budget also invests in reemployment and eligibility assessments and reemployment services, employing an evidence-based approach to speed the return to work of recently separated veterans receiving Unemployment Insurance and helping them transition to civilian jobs. In addition, the Budget provides targeted resources for Wounded Warriors in order to reduce disability evaluation processing time, ensuring that recovering servicemembers have active recovery plans and that those who transition to veteran status will have timely access to the benefits they deserve.

**Protecting Critical Funding for VA Medical Care.** The Budget requests \$60.0 billion for VA medical care in 2016, a 7.4 percent increase above the 2015 enacted level. This funding level includes a request of \$1.3 billion above the advance appropriations for 2016 enacted in the 2015 appropriations bill and is necessary to ensure the delivery of high-quality and timely health care services to veterans and other eligible beneficiaries. These services include innovative programs to educate and support veterans' caregivers, enhance veterans' access to care via telehealth technologies, support equitable, high-quality care for women veterans in an appropriate and safe environment, deliver effective mental health care services, and offer advanced care for the treatment of Hepatitis C. In addition, the Budget proposes \$63.3 billion in advance appropriations for the VA medical care program in 2017, an increase of 5.5 percent above the 2016 request, which will provide timely and predictable funding for VA's medical care to prevent our veterans from being adversely affected by any potential delays in appropriations.

**Implementing the Veterans Access, Choice, and Accountability Act of 2014.** On August 7, 2014, President Obama signed into law the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113-146) ("Veterans Choice Act"). The 2016 Budget supports implementation of the Veterans Choice Act and the Administration's goal of providing timely, high-quality health care for our Nation's veterans. The Veterans Choice Act provided \$5 billion in mandatory funding to increase veterans' access to health care by hiring more physicians and staff and improving the VA's physical infrastructure. It also provided \$10 billion in mandatory funding through 2017 to establish a temporary program ("Veterans Choice Program") improving veterans' access to health care by allowing eligible veterans who meet certain wait-time or distance standards to use health care providers outside of the VA system. The Veterans Choice Program may provide a measure of short-term relief from the pressure of escalating health care requirements as current patients in the VA system elect to receive their care through the program. These investments, together with the Department's 2016 Budget request of \$70.2 billion, will provide the authorities, funding, and other tools necessary to enhance service for veterans in the short-term while strengthening the underlying VA system to better serve veterans in the future. However, more resources will be required to ensure that the VA system can provide timely, high-quality health care into the future. In the coming months, the Administration will submit legislation to reallocate a portion of the Veterans Choice Program funding to support essential investments in VA system priorities in a fiscally-responsible, budget-neutral manner.

**Ending Veterans' Homelessness.** In 2010, the President set ambitious goals to end homelessness, including veteran homelessness, across the Nation, and since then we have made significant progress. Over 300 mayors, governors, and county executives have committed to ending veteran homelessness in their communities through the Mayors Challenge to End Veteran Homelessness. Major cities have hit important milestones toward the goals, including New Orleans, Louisiana, which has ended veteran homelessness, and Salt Lake City, Utah and Phoenix, Arizona, which have ended chronic homelessness among veterans. Since 2010, the overall number of veterans experiencing homelessness has declined by 33 percent, or nearly 25,000 veterans, and with continued focus from Federal, state and local partners, we are fighting to end veteran homelessness by the end of 2015. The Budget continues to make investments in VA homeless programs and programs funded through the Department of Housing and Urban Development to sustain this effort and prevent veterans from becoming homeless in the future.

**Addressing VA Claims Backlog and Continuing Implementation of the Paperless Claims System.** Over the last decade, VA received an increasing number of disability claims from veterans, which created a significant claims backlog. VA has made tremendous progress over the last several years

reducing this backlog. The Budget provides additional funding to continue progress in making the system paperless by scanning documents through the Veterans Claims Intake Program, which helps provide faster and more accurate benefits claims processing. The Budget also includes funding to hire additional employees to address the growth in related claims and improve the VA's timeliness in resolving appeals.

**Improving Access to Comprehensive Services and Benefits.** The Budget supports VA's efforts to ensure consistent, personalized, and accurate information about services and benefits, especially in the delivery of compensation and pension claims processing. To improve the speed, effectiveness, and efficiency of benefits service delivery, the joint DOD/VA eBenefits web portal provides veterans with critical self-service capabilities to manage their VA, military and personal information, apply online for benefits, and check the status of a claim.

**Advancing Medical and Prosthetic Research.** The Budget provides \$622 million for medical and prosthetic research to improve the lives of veterans and all Americans through health care discovery and research. A new \$10.2 million initiative will focus on enhancing efforts at the VA to further develop health care research through evidence-based decision-making. This effort will focus on methods for accurately assessing quality metrics, including timeliness and uniform delivery of VA medical care, developing mathematical models of health systems functions, optimizing clinical decision-making at the time care is delivered, and testing implementation of new programs to determine barriers to large-scale adoption. This innovative research effort will assist in creating a strong foundation for the future of VA by helping to assess the efficiency and effectiveness of care throughout the VA system.

**Supporting Veterans' Educational Goals.** VA's readjustment benefit programs provide valuable military recruitment and retention incentives and help smooth the transition to civilian status. These benefits include the Post-9/11 GI Bill, the most extensive educational assistance program since the World War II era GI Bill. The Budget includes more than \$15 billion for educational and vocational rehabilitation benefits for eligible veterans and dependents.

**Supporting and Encouraging Veteran-Owned Small Businesses.** The Budget continues to waive fees on loans less than \$150,000 in SBA's loan program to promote lending to small businesses that face the greatest constraints on credit access. For veteran-owned businesses, upfront fees are fully waived on Express loans up to \$350,000 and waived by 50 percent for all non-Express loans above \$150,000 to support the entrepreneurial efforts of veterans, a group often underserved in the credit market

**Supporting Veterans Employment Tax Credits.** The Administration continues its support of tax credits that will help employ veterans. The Budget again proposes to permanently extend the Returning Heroes Tax Credit, which provides up to \$5,600 to employers to hire unemployed veterans, and the Wounded Warrior Tax Credit, which provides up to \$9,600 to hire long-term unemployed veterans with service-connected disabilities. In addition, the Budget also includes a proposal to make the Wounded Warrior Tax Credit available for up to six months after a disabled veteran completes a qualifying GI-bill funded educational program.

**Supporting High Priority Veterans' Affairs Construction and Renovation Projects.** The Budget includes more than \$1.5 billion in funding to support major veterans' hospital renovations and cemetery expansions to improve services and meet increased demand, as part of a Government-wide

initiative to enhance agencies' missions while providing opportunities for long term savings through building upgrades and renovations.

**Supporting Military Families.** Supporting military families continues to be a top priority for the Administration. The Administration continues to seek effective and innovative ways to provide consistent and predictable services to military families, including non-medical counseling; deployment and relocation assistance; child care and youth programs; military spouse employment programs; and morale, welfare and recreation programs. The Budget provides the robust funding to ensure that servicemembers can have strong family lives while maintaining the highest state of readiness and that family members can live fulfilling lives while supporting their servicemembers. This includes leveraging programs, such as the Military OneSource outreach and engagement platform, that provide servicemembers and families access to non-medical and financial counseling and information and assistance, 24/7, 365 days a year; and the Healthy Base Initiative that supports reductions in obesity and tobacco use among servicemembers and their families.

**Reducing Unnecessary Occupational Licensing.** The Budget seeks to reduce occupational licensing barriers that keep people from doing the jobs they have the skills to do by putting in place unnecessary training and high fees. The Budget proposes a \$15 million increase for grants to states and partnerships of states for the purpose of identifying, exploring, and addressing areas where occupational licensing requirements create an unnecessary barrier to labor market entry or labor mobility and where interstate portability of licenses can support economic growth and improve economic opportunity, particularly for dislocated workers, transitioning servicemembers, veterans, and military spouses.